

CITY OF BRIDGEPORT  
CITY COUNCIL  
CONTRACTS COMMITTEE  
TUESDAY, JUNE 8, 2010  
6:00 PM

ATTENDANCE: Council members: Silva; Co-chair, M. McCarthy, Austin, Lyons,  
Council President McCarthy (sat in to make a quorum  
before Council member Lyons attended)

OTHER(S): L. Osborne, Director, Labor Relations  
J. Mitola; President, City Attorney's Union  
J. Finch; Human Resources Manager  
Associate City Attorney Pacacha

Co-chair Silva called the meeting to order at 6:05 pm.

Approval of Committee Minutes of April 13, 2010.

**\*\* COUNCIL MEMBER M. McCARTHY MOVED TO ACCEPT THE MINUTES**

**\*\* COUNCIL MEMBER AUSTIN SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**61-09** Proposed Lease-Purchase Agreement with OshKosh Capital for two new fire engines.

The item was briefly reviewed. It was stated that the amount to be financed was \$399,499.00 for two(2) Pierce Saber Pumpers. The purchases were decided after a competitive bidding process was completed.

Council President McCarthy commented that when the fire department came in for the budget, they were very cooperative.

**\*\* COUNCIL MEMBER M. McCARTHY MOVED TO APPROVE**  
**\*\* COUNCIL MEMBER T. McCARTHY SECONDED**  
**\*\* MOTION PASSED UNANIMOUSLY**

**67-09** Proposed Tentative Agreement with AFSCME, Local 1303-272, City Attorney's Union.

It was noted that Mr. Osborne and Mr. Mitola were present to speak about this item. - *an executive summary was distributed for review.*

Mr. Osborne explained that they had a tentative agreement. He noted the current wages were outlined in the document reviewed. He referred to the PCS – Premium Cost Share document that follows format. He noted that there were incremental percentages increases as they were outlined.

Mr. Mitola pointed out that for new employees, there will be a large cost savings for the city. He explained that if an employee has 15 years to 25 years, they can retire and qualify if they completed municipal service.

Council member Lyons asked him to explain the wages breakdown. Mr. Osborne said the PCS was at 12% currently and the buyout is \$500.00; i.e. this pertains to insurance. If the employee has a spouse, the employee will receive a credit of \$500.00 for their spouse. January 1, 2010 started the wage increase through December 31, 2010, but the increases haven't been received yet. Mr. Mitola noted that the authorization was based on city council approval.

Mr. Mitola said that most of the increases have been between 2% and 2 ½%. However, for the years 2002 and 2008 they took a 0% increase for eighteen months. He said that during his twelve years, they gave the city four 0% increases. He further explained that when it was negotiated, from January 1, 2009, it was agreed to give 0% and then they came to an agreement of 3%. He said he didn't think the percentage was extraordinary, because the wage increases have always been between 2% and 3%. Mr. Osborne noted that 3% was the norm.

Council member Lyons asked for further clarification about what was contained in the document. Mr. Osborne explained that the PCS is capped at 25% and it won't go any higher. Currently, it goes from 12% to 15% to 18% to 21% and capped at 25%. He noted that when an employee has worked for 25 years, the insurance is capped at 50%.

Council member Austin asked about the 50% cap and what it would cost the employee. Mr. Osborne said it was based on the wages.

Council member Austin stated that if the city employee and their spouse has insurance, they are given \$500.00. He questioned how it works if they have children. Mr. Osborne said the PCS consists of three levels. The cost to cover one person is approximately \$600.00 per month and the family coverage is \$1,200.00 per month. The flat rate is taken for themselves or the entire family.

**\*\* COUNCIL MEMBER AUSTIN MOVED TO APPROVE**

**\*\* COUNCIL MEMBER T. McCARTHY SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**\*Consent calendar**

**76-09** Proposed Amendment No. 1 to the City's Deferred Compensation Plan under I.R.C. Section 457.

Janet Finch, from Benefits Human Resources addressed the committee - *she distributed copies of an executive summary.*

She recalled that during December, she was before the committee with changes to the Section 457 plan; some of the changes were made in the best interest of the employee. One modification was to allow a loan with their own money via direct deposit and they don't have to specify the terms of the loan. The plan was modified, so the loan terms are set by the plan the employee participates in. the employee will work directly with vendors to negotiate the loan and the cap is set at five years. The only thing city will monitor is eligibility for one loan. Overall, the plan is in the best interest of the employees.

Council member T. McCarthy asked if one loan at a time is allowed, meaning, when the employee pays a loan off, they can get another one. Ms. Finch said that was correct.

Council member Silva asked if there was a cap that the employee can take. Ms. Finch referred to the last page of the document that outlined the cap at \$50k or 50%, this is according to IRS limits.

Council member Lyons asked where the money was coming from. Ms. Finch said it's all employee money contribution pre-taxed as a savings plan to supplement their pension. It's their own money and there's no city match involved. She further noted that the employee isn't required to give a reason for the loan.

Council member Lyons asked if the interest is determined by the company where the employee has the plan. Ms. Finch said yes.

**\*\* COUNCIL MEMBER M. McCARTHY MOVED TO APPROVE**

**\*\* COUNCIL MEMBER LYONS SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**\*Consent calendar**

Other agenda item:

Council member T. McCarthy requested to add an item to the agenda.

**\*\* COUNCIL MEMBER T. McCARTHY MOVED TO ADD THE CIGNA  
CONTRACT TO THE AGENDA**

**\*\* COUNCIL MEMBER M. McCARTHY SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

Mr. Weiner was present to speak about the item. He stated they went through the RFP process last fall and the contract was awarded to Cigna. It went to the Board of Purchases and last week they had negotiations with the city attorney and Cigna. He reviewed the document for a 3-year contract effective July 1, 2010. He explained that it covers medical claims for employees and retirees for the city and the Board of Education. It was estimated that the annual claims was \$56.6 million and the administrative fees were guaranteed for five years that cover the employee and the contract for a flat fee. He said it amounted to \$178k per month broken out by each employee. The fees include administration of the Cigna network. He noted that the discounts were favorable and they are projecting claims at \$54 million this year and \$56 million next year.

In addition, for the **ASO- Administrative Services Only Agreement (100-09A)**; Cigna has determined how they will administer the contract, i.e. how fast they will process claims etc. The total amount of the risk is at \$220k in the first year. He stated that the other important part were the guarantees for the network discounts that will involve

billed charges. Cigna guarantees 49.3% for a discount at the billed charges. At risk is \$521k if the discounts don't materialize.

Co-chair Silva asked who Siegel was. Mr. Weiner introduced Mr. Robert Cavana from Siegel Benefits Consulting firm that is an independent firm. He stated there was a selection committee for the process.

Mr. Cavana said the information that was compiled, resulted in a presentation. Then a scoring process was set forth in the RFP that produces the final outcome.

Council member Lyons asked if it was his firm's job to take each insurance company and then present them to the city based on the best cost. Attorney Pacacha responded that because the arrangements were very complicated, the city relies on a firm like Siegel Benefits Consulting to guide and filter the information by bidders and proposers. They evaluate all the companies solicited and then they discuss the evaluations with the selection committee who ultimately makes the decision. He clarified that no legal advice is given by Siegel Benefits Consulting regarding the contract.

Commissioner Lyons asked if Cigna was equal in benefits as HealthNet. Mr. Cavana responded that Cigna was better in terms of costs, discounts, service and a large choice of providers. However, the benefits will pretty much stay the same as they are now. But the cost to the city is less than what it was with HealthNet.

Council member T. McCarthy stated that the selection committee was made up of a diverse group of people who did a thorough review, the result was being confident in their choice.

The following insurance companies were noted that went through the selection process:

- HealthNet
- Anthem/Blue Cross
- United
- Cigna
- Con-Net Care
- Aetna

Council member Silva asked about the process used to score the companies. Attorney Pacacha said that information was privy to the selection committee and the Board of Purchases.

Council member Austin used an example of paying 49% on a hundred dollar bill, he asked who would pay the balance. Mr. Weiner said that Cigna pays the claims on their behalf. So if they pay say 49%, then 51% is paid to the participating physician

It was noted that the second document referred to was the **Cigna Healthcare Performance Guarantee (100-09B)**.

**\*\* COUNCIL MEMBER AUSTIN MOVED TO ACCEPT THE INFORMATION THAT WAS OUTLINED AND REVIEWED IN THE ADMINISTRATIVE SERVICES ONLY AGREEMENT (100- 09A) DOCUMENT**

**\*\* COUNCIL MEMBER M. McCARTHY SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**\*Consent calendar**

**\*\* COUNCIL MEMBER T. McCARTHY MOVED TO SUSPEND THE RULES FOR THE PURPOSE OF ADDING THE CIGNA HEALTHCARE PERFORMANCE GUARANTEE (100-09B) DOCUMENT TO THE AGENDA**

*It was stated that all the information presented, also pertained to this document.*

**\*\* COUNCIL MEMBER AUSTIN SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**\*\* COUNCIL MEMBER AUSTIN MOVED TO ACCEPT THE INFORMATION THAT WAS OUTLINED AND REVIEWED IN THE CIGNA HEALTHCARE PERFORMANCE GUARANTEE (100-09B)**

**\*\* COUNCIL MEMBER LYONS SECONDED**

**\*\* MOTION PASSED UNANIMOUSLY**

**\*Consent calendar**

## **ADJOURNMENT**

**\*\* COUNCIL MEMBER T. McCARTHY MOVED TO ADJOURN  
\*\* COUNCIL MEMBER AUSTIN SECONDED  
\*\* MOTION PASSED UNANIMOUSLY**

The meeting adjourned at 6:55 pm.

Respectfully submitted,

Diane Graham  
Telesco Secretarial Services